

ORIGINAL

**OFFICIAL FILE**  
**ILLINOIS COMMERCE COMMISSION**

November 15, 2001

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

**Sempra Energy Solutions**

Application for Certificate of  
Service Authority under Section  
16-115 of the Public Utilities Act.

Docket No. 01-0673

RESPONSE TO NOTICE OF ADMINISTRATIVE LAW JUDGE'S RULING

Dear Administrative Law Judge Albers:

Thank you very much for providing Sempra Energy Solutions the opportunity to respond to your preliminary review of our application for certification as an alternative retail electric supplier; Docket No. 01-0673.

The following pages and attachments are direct responses to the 14 information and clarification items that you requested. In the past week, every effort has been made by Sempra Energy Solutions' employees to provide you with complete and satisfactory responses.

1. Typically, services authorized by the Commission in ARES certification proceedings are the sale of electricity and power.

In Paragraph 7 of its application, Applicant states that it "intends to offer energy services." Please identify the specific types of services for which Applicant is seeking certification.

#### RESPONSE

Sempra Energy Solutions is seeking certification from the Illinois Commerce Commission for the sale of electricity and power.

2. 83 Ill. Adm. Code 451.20(e) requires Applicant to certify that it complies with the requirements of Section 16-115(d)(5) of the Public Utilities Act ("Act").

Applicant has a utility affiliate, San Diego Gas & Electric ("SDG&E"), operating in California. In Paragraph 16 of its application, Applicant states that it "complies with the reciprocity requirements of Section 16-115(d) of the Act because electric power and energy cannot be economically delivered from the service territory of SDG&E." Please explain in detail why it would be uneconomic for Illinois utilities to provide service in the service territory of SDG&E. Alternatively, Applicant may provide evidence indicating that it complies with 16-115(d)(5) because SDG&E offers delivery services that are reasonably comparable to those of Illinois utilities.

## RESPONSE

Sempra Energy Solutions (SES) believes that San Diego Gas & Electric (SDG&E) offers delivery services to Illinois electric utilities that are reasonably comparable to the delivery services offered by the Illinois electric utility in whose service territory Applicant intends to provide service as an alternative energy supplier in Illinois, as described in Section 16-115(d)(5) of the Act.

SDG&E's delivery service permits customers and alternative retail energy providers (ARES) to engage in competitive direct access electricity purchases and sales under California Public Utilities Commission (CPUC) approved tariffs. The relevant sections of these tariffs are a) "*Schedule DA—Transportation of Electric Power for Direct Access Customers*" and b) "*Rule 25—Direct Access Rules*" (Please see Attachment 1) that enable energy services providers (ESPs— including SES and, potentially, Illinois utilities) to sell electric power and energy to retail end-use customers. These tariffs provide for comparability of service with respect to access, pricing, terms and conditions between the utility and ESPs. Illinois electric utilities, if they so desire, are eligible to obtain delivery service from SDG&E under these CPUC-approved tariffs in a manner that is reasonably comparable to the delivery service offered by Illinois utilities.

Additionally, the California Independent System Operator (Cal-ISO) controls SDG&E's electric transmission assets and provides transmission services using those assets under Federal Energy Regulatory Commission (FERC) approved tariffs that are consistent with FERC's open access rules regarding comparability of service among users. Illinois utilities, if they so desire, are eligible to obtain transmission service from the Cal-ISO under these FERC-approved tariffs in a manner that is reasonably comparable to the transmission service offered by Illinois utilities

While SES believes that the above discussion provides sufficient evidence of compliance with Section 16-115(d)(5), SES also believes that electric power and energy cannot be physically and economically delivered by Illinois electric utilities from their service territories to SDG&E's service territory. First, Illinois and SDG&E are approximately 2,000 miles apart and separated by several intervening transmission systems through which the electricity would have to be scheduled and transmitted. Consequently, arranging physical delivery of electricity from Illinois to SDG&E would be difficult, if not impossible, because of the transmission constraints, line losses and logistical difficulties associated with that delivery. Second, scheduling electricity from Illinois to SDG&E would require delivery from the Eastern Interconnection to the Western Interconnection despite the fact that the two systems do not operate on a synchronized basis and are connected only through a small number of constrained AC-DC-AC interfaces that are typically not electrically connected during normal system operations. Moreover, transmission of electricity over these distances and through multiple transmission systems, even if physically possible, is unlikely to be economic because of the substantial transmission costs and line losses that would be incurred to do so. SES believes that the cost of physically transmitting

RESPONSE (cont.)

electricity from Illinois to SDG&E could typically equal or exceed the cost of the electricity itself—a cost that is unlikely to be economic given the past and likely future prices for electricity in Illinois and SDG&E. Finally, SES is unaware of any instances in which electricity has been delivered from Illinois to SDG&E, suggesting that market participants believe that electricity cannot be physically and economically delivered from Illinois to SDG&E.

3. 83 Ill. Adm. Code 451.20(f)(2) requires an applicant to demonstrate that its employees that will be installing, operating, and maintaining generation, transmission, or distribution facilities within the State of Illinois, or any entity with which it has contracted to perform those functions within the State of Illinois, have the requisite knowledge, skills, and competence to perform those functions in a safe and responsible manner in order to provide safe and reliable service in accordance with the criteria stated in Section 16-128(a) of the Act.

In Paragraph 5 of its application, Applicant states that 83 Ill. Adm. Code 451.20(f)(2) is not applicable. This statement, however, appears to be inconsistent with the description of Applicant's business provided in Attachment B of the application, which indicates that Applicant may:

[d]esign, build, operate, and in many cases own energy plants for major commercial and industrial customers. These plants provide the cooling, heating, ventilation and air conditioning and electric distribution systems to customer facilities.

In addition, in the "second" Paragraph 18 of the application, Applicant states that "at a future date, [it] may obtain ownership of electric generation, transmission or distribution facilities, or control or operate such facilities in serving customers."

Whether Applicant intends to install, operate, and maintain generation, transmission, or distribution facilities within the State of Illinois is not clear. Applicant should be aware that since no demonstration of compliance with the requirements of 83 Ill. Adm. Code 451.20(f)(2) has been made, Applicant's employees are not permitted to install, operate, and maintain generation, transmission, or distribution facilities within the State of Illinois. Additionally, other entities are not permitted to perform those functions pursuant to contractual arrangements with Applicant. In the event that Applicant's employees will be installing, operating, and maintaining generation, transmission, or distribution facilities within the State of Illinois, please demonstrate compliance with 83 Ill. Adm. Code 451.20(f)(2).

#### RESPONSE

Sempra Energy Solutions does not intend to install, operate, and/or maintain generation, transmission, or distribution facilities within the State of Illinois at this time.

If, at some future time, Sempra Energy Solutions makes a decision to install, operate, and/or maintain generation, transmission or distribution facilities within the State of Illinois, Sempra Energy Solutions will first obtain the required approval from the Commission, including demonstrating to the Commission its compliance with 83 Ill. Adm. Code 451.20(f)(2).

4. 83 Ill. Adm. Code 451.30(a) requires Applicant to publish, as provided by the Notice by Publication Act, notice of its application for certification in the Official State Newspaper within ten days following the filing of the application for certification.

Applicant has not yet filed proof of publication with the Clerk of the Commission and is reminded to do so.

#### RESPONSE

Please see Attachment 2.

5. 83 Ill. Adm. Code 451.30(c) requires Applicant to identify the geographic area(s) in which it seeks to be authorized to offer service.

Paragraph 7 of the application indicates that Applicant "intends to offer energy services within the State of Illinois." This statement does not make clear whether Applicant intends to offer services throughout the entire state. In addition, Attachment C to the application consists of a copy of a November 9, 2000 e-mail correspondence with Commonwealth Edison Company ("ComEd"), which suggests that Applicant seeks to be authorized for only the ComEd service area. Please clarify the geographic area(s) in which Applicant seeks to be authorized to offer services.

#### RESPONSE

Sempra Energy Solutions requests to be authorized to offer electricity and power in the Commonwealth Edison Company service territory.

6. 83 Ill. Adm. Code 451.30(c)(3) requires proof that notification of intent to serve in any utility's service area be provided to each electric utility in whose service area Applicant intends to serve.

As indicated above, Attachment C to the application consists of a copy of a November 9, 2000 e-mail correspondence with ComEd. This e-mail correspondence is from Applicant's prior application for ARES certification, which was docketed as Docket No. 00-0783. On January 30, 2001, the Commission granted Applicant's motion to withdraw its application in Docket No. 00-0783 without prejudice. Applicant may not rely on notice it made in connection with an application that it ultimately withdrew. Please provide proper proof of notification to ComEd as well as any other Illinois utilities in whose service area Applicant seeks to be authorized to offer service, as required by 83 Ill. Adm. Code 451.30(c)(3).

#### RESPONSE

Please see Attachment 3.



7. 83 Ill. Adm. Code 451.30(d)(2) requires Applicant to certify that it will comply with all terms and conditions required by Section 16-115A(a), (b), and (f) of the Act.

Please confirm that the reference to "Sections 115(A)(a), (b), and (f), ..." is a typographical error.

RESPONSE

Yes, the above cited reference does contain a typographical error and should read "Sections 115A(a), (b), and (f) of the Act.

8. 83 Ill. Adm. Code 451.50(a) requires Applicant's license or permit bond to be valid for a period of not less than one year.

Applicant submitted a "License or Permit Bond" that does not explicitly state that the bond is valid for a period of not less than one year. The "License or Permit Bond" states that the bond "may be terminated as to future acts of the Principal upon thirty (30) days written notice by the Surety," but does not go any further in stating that the bond is valid or a period of not less than one year or is continuous. Please submit either an amended "License or Permit Bond" containing this provision or indicate the location of this provision in the existing application.

#### RESPONSE

Please see Attachment 4.

9. 83 Ill. Adm. Code 451.210 requires Applicant to certify compliance with all terms and conditions required by Section 16-115A(c) of the Act.

Certify that Applicant will comply with the terms and conditions required by Section 16-115A(c).

#### RESPONSE

Please see Attachment 5.

10. Section 451.220(b)(2)(G)(iii) requires Applicant to provide a copy of its general ledgers, if available, for the most recent 12 month period available.

If available, please provide a copy of Applicant's general ledgers for the most recent 12 month period available.

#### RESPONSE

Please see Attachment 6 - CONFIDENTIAL. As per Section 451.60, Confidential Information, Sempra Energy Solutions respectfully requests that the Commission enter an order to protect the confidential nature of this information. Additionally, Attachment 6 has been marked "confidential" and has been submitted separately under seal. The nature of this confidential information is proprietary to Sempra Energy Solutions and constitutes a trade secret.

11. Section 451.220(b)(2)(G)(iv) requires Applicant to provide a copy of its Dun & Bradstreet Business Information Report, if available.

Please provide a copy of Applicant's Dun & Bradstreet Business Information Report, even if it "is not necessarily the most accurate nor representative available," as described in Attachment D to the application.

#### RESPONSE

Please see Attachment 7.

12. 83 Ill. Adm. Code 451.230(a) requires an applicant that uses electric generation, transmission, or distribution facilities that it owns, controls, or operates in serving customers to maintain a technical staff on duty or on call 24 hours each day to operate and maintain applicant's facilities.

It is not clear whether Applicant intends to use electric generation, transmission, or distribution facilities that it owns, controls, or operates. Nor is it clear whether Applicant intends to maintain a technical staff on duty or on call 24 hours each day. Please clarify whether Applicant intends to use electric generation, transmission, or distribution facilities that it owns, controls, or operates. If Applicant does intend to do so, please clarify whether Applicant will maintain a technical staff on duty or on call 24 hours each day to operate and maintain its facilities.

#### RESPONSE

Sempra Energy Solutions does not own, control, or operate electric generation, transmission, or distribution facilities within the State of Illinois at this time.

If, at some future time, Sempra Energy Solutions decides to own, control, and/or operate electric generation, transmission, or distribution facilities within the State of Illinois for the purpose of serving customers within the State of Illinois, Sempra Energy Solutions will first obtain the required approval from the Commission, including demonstrating to the Commission its compliance with 83 Ill. Adm. Code 451.230(a).

13. 83 Ill. Adm. Code 451.230(b) sets forth minimum requirements deemed necessary in order for Applicant to demonstrate that it possess sufficient technical capabilities to serve the retail customers identified in Subpart C of Part 451.

In Attachment E to the application, Applicant provides evidence of its technical qualifications. Whether Applicant meets all of the required technical qualifications, however, is not clear. For each of the technical requirements listed below, please indicate which individual on Applicant's staff possesses the requisite experience and describe that individual's relevant experience, including the length of the experience, that Applicant believes satisfies the technical requirement:

- a. Three months experience with OASIS reservation processes;
- b. Three months experience with NERC tagging processes; and
- c. One year experience working with rules and practices established by NERC and MAIN and/or MAPP.

#### RESPONSE

William B. Goddard – Director of Power Operations

- More than twenty years experience with electric power scheduling, trading and operations experience, which includes transmission operations, generation operations and transaction scheduling (1980 to present). Six years of OASIS reservation experience (1995 to present). Four years of tagging experience (1997 to present). Member of the WSCC Scheduling Task Force, since 1997, which reviews and defines NERC/WSCC/MAIN/MAAC and other regions scheduling and tagging processes.

Coyote Moon – Power Analyst/Scheduler

- More than twenty years experience with power generation, scheduling, trading and operations experience, which includes shift supervisor for a 750 MW thermal station (1980 to present). Six years of OASIS reservation experience (1995 to present). Four years of tagging experience (1997 to present), which includes overseeing the installation and implementation of NERC-compliant tagging software. Also an active participant of the WSCC Scheduling Task Force, since 1997, which reviews and defines NERC/WSCC/MAIN/MAAC and other regions scheduling and tagging processes.

14. 83 Ill. Adm. Code 451.230(b)(2) requires Applicant to designate in its application, and agree thereafter to maintain, a telephone number, fax number, and address where its staff can be directly reached at all times. Maintenance of an answering service or machine, pager, or similar message-taking procedure does not satisfy this requirement.

Please provide the telephone number, fax number, and address that can be used to directly reach Applicant's staff at all times.

RESPONSE

Sempra Energy Solutions' power scheduling staff's hot line: (619) 540-4639

Sempra Energy Solutions' power scheduling staff's fax line: (619) 696-3101

Sempra Energy Solutions' power scheduling staff's address:

101 Ash Street, HQ09  
San Diego, CA 92101  
Attn: Power & Gas Scheduling

Respectfully submitted,

**Sempra Energy Solutions**

By: \_\_\_\_\_

Manager Retail Commodity Delivery

Greg Bass  
Sempra Energy Solutions, HQ09  
101 Ash Street, San Diego, CA 92101  
(619) 696-3177  
(619) 696-3101 fax



VERIFICATION

STATE OF California ) ) ss:  
COUNTY OF SAN DIEGO )

Donald C. Liddell, being first duly sworn, deposes and says that he is the Assistant Secretary for Sempra Energy Solutions; that he has read the foregoing response to the Notice of Administrative Law Judge's Ruling (Response), Docket No. 01-0673, and all of the attachments accompanying and referred to within the Response; and that the statements contained in the Response and the attachments are true, correct and complete to the best of his knowledge, information and belief.

Donald C. Liddell  
Donald C. Liddell

Subscribed and sworn to before me  
this 15th day of November, 2001.

Jennifer L. Visceglie  
Notary Public

[Stamp of Notary]

